

power finance & risk

The exclusive source for power financing and trading news

www.iipower.com

A PUBLICATION OF INSTITUTIONAL INVESTOR, INC.

JUNE 26, 2006

VOL. IX, NO. 12

Brookfield To Beef Up Chile Biz

Brookfield Asset Management plans to expand **HQI Transelec Chile** following its \$2 billion acquisition of the country's largest transmission company.

See story, page 2

Evercore Hires Ex-Citi Chief

Boutique investment bank **Evercore Partners** has hired **Jane Sadowsky**, ex-co-head of North American Power at **Citigroup**.

See story, page 3

In The News

| | |
|------------------------------------|---|
| UBoC, Calyon Kick Off AES Facility | 2 |
| TXU To Take Final Peaker Bids | 3 |
| Courage Capital Eyes India | 3 |
| FPL To Wrap Bison Wind | 3 |

Corporate Strategies

| | |
|-------------------------------------|---|
| Peoples Energy Charges Up Line | 4 |
| Renewable Unit Preps IPO | 4 |
| Entergy Arm Reworks Pollution Bonds | 4 |
| 'Bama Power Taps Long Dates | 4 |

Departments

| | |
|---------------------------|----|
| Financing Record | 5 |
| Generation Auction & Sale | 7 |
| Weekly Recap | 10 |

COPYRIGHT NOTICE: No part of this publication may be copied, photocopied or duplicated in any form or by any means without Institutional Investor's prior written consent. Copying of this publication is in violation of the Federal Copyright Law (17 USC 101 et seq.). Violators may be subject to criminal penalties as well as liability for substantial monetary damages, including statutory damages up to \$100,000 per infringement, costs and attorney's fees. Copyright 2006 Institutional Investor, Inc. All rights reserved.

For information regarding subscription rates and electronic licenses, please contact Dan Lalor at (212) 224-3045.

MORGAN STANLEY PLOTS ENERGY VEHICLE

Morgan Stanley is in the early stages of putting together an infrastructure investment vehicle focusing on North American energy and power assets. Details on the planned initiative, including size and precise investment target, are still being hashed out over the next several weeks, officials say. But it is expected to be run out of the Manhattan investment bank's asset management unit. Calls to executives at Morgan Stanley were directed to a spokeswoman who declined to comment.

A dearth of updated energy infrastructure in the U.S. and booming demand for power is

(continued on page 12)

KAN. COOP PLUMBS LENDERS FOR 600 MW PLANT

Sunflower Electric Power Corp. is hunting financing for a planned 600-690 MW coal-fired plant sited near Holcomb, Kan. The electric cooperative is having preliminary talks with project lenders about bankrolling construction of Holcomb East. The company is being advised by **Société Générale** as well as law firms including **Latham & Watkins** and **Ballard Spahr Andrews & Ingersoll** and could look to obtain around \$600 million in debt, one banker speculates.

(continued on page 12)

MERRILL TO RAMP UP COAL, EMISSIONS PLATFORM

Merrill Lynch is aiming to significantly boost its coal and carbon emissions trading platform. The firm sees revenue in coal as interest in the commodity sparks due to anticipated developments using integrated gasification combined cycle plants, which are meant to convert coal into clean burning fuel, says one official close to the firm.



(continued on page 12)

AIG, ONTARIO TEACHERS TO RECHARGE NORTHERN STAR DEBT

AIG HighStar and **Ontario Teachers' Pension Fund** have tapped **Lehman Brothers** and **BNP Paribas** to refinance debt tied to the acquisition of its **Northern Star Generation**. The holding entity consists of a fleet of generation plants acquired over the past several years including recently purchased qualified facilities, **Mulberry** and **Orange**, in Florida from **Arroyo Energy Investors**—the wholly-owned private equity arm of **Bear Stearns**.

The debt likely will be syndicated in the next few weeks. Calls to **Christopher Lee**,

(continued on page 12)

Check www.iipower.com during the week for breaking news and updates.



At Press Time Brookfield Plots Chilean Transmission Build-Out

Brookfield Asset Management plans on expanding HQI Transelec Chile, the Chilean transmission company it is purchasing from Hydro Quebec International and International Finance Corporation for nearly \$2 billion. Jeff Blidner, managing partner of infrastructure at Brookfield in Toronto, says the consortium that acquired the country's largest transmission business, which includes Canada Pension Plan Investment Board and British Columbia Investment Management, hopes to build out the operation but declined to provide further details. The acquisition is expected to close July 5.

Lincoln Webb, v.p. at British Columbia Investment in Victoria, says growth opportunities are present in Chile and the group is prepared to invest, but declined to disclose how much the consortium would shell out. The acquisition is being financed with about \$1 billion in equity and a \$600 million term loan led by Scotia Capital and HSBC Securities.

Transelec delivers electricity to over 99% of the Chilean population via 8,300 kilometers of lines and 51 substations. Jason Todd, analyst at Fitch Ratings in Chicago, notes that demand for electricity in Chile is growing.

UBoC, Calyon Kick Off AES L/C Facility

Union Bank of California and Calyon have launched syndication of a \$350 million letter of credit facility for AES Eastern Energy. The L/C for the subsidiary of Arlington, Va.-based AES Corp. will be used to support hedging contracts for generation output, says a bank official. AES Eastern did not previously have an L/C in place, but rather used funds funneled from its parent. Additional details on the L/C including pricing could not be learned. Calls to officials at AES were not returned.

The leads are looking to bring on up to three additional banks to serve as documentation agents willing to take \$50 million slices. General bank syndication is expected to follow but exact pricing and timing of broader syndication could not be learned. The entire deal should be completed by mid-July, a banker notes. UBoC and Calyon officials declined to comment.

AES Eastern has under its umbrella plants Somerset, Kayuga, Westover and Greenidge, which have a combined capacity of 1.3 GW.

Tell Us What You Think!

Do you have questions, comments or criticisms about a story that appeared in *PFR*? Should we be covering more or less of a given area? The staff of *PFR* is committed as ever to evolving with the markets and we welcome your feedback. Feel free to contact **Mark DeCambre**, managing editor, at 212-224-3293 or mdecambre@iineews.com.

power finance & risk

The exclusive source for power financing and trading news

EDITORIAL

TOM LAMONT
Editor

STEVE MURRAY
Deputy Editor

PETER THOMPSON
Executive Editor [Chicago]
(773) 439-1090

MARK DeCambre
Managing Editor
(212) 224-3293

PETER ROTH
Associate Reporter
(212) 224-3226

LIMAN CHENG
Reporter-in-Training
(212) 224-3617

STANLEY WILSON
Washington Bureau Chief
(202) 393-0728

JANA BRENNING,
KIERON BLACK
Sketch Artists

PRODUCTION

DANY PEÑA
Director

LYNETTE STOCK, DEBORAH ZAKEN
Managers

MICHELLE TOM, ILIJA MILADINOV,
MELISSA ENSMINGER,
BRIAN STONE, JAMES BAMBARA
Associates

JENNY LO
Web Production & Design Director

MARIA JODICE
Advertising Production Manager
(212) 224-3267

ADVERTISING

JONATHAN WRIGHT
Advertising Director
(212) 224-3566
jwright@iineews.com

PAT BERTUCCI, MAGGIE DIAZ
Associate Publishers [New York]

LANCE KISLING
Associate Publisher [Technology]

LUCA MIHALY
Sales Associate

LESLIE NG
Advertising Coordinator

PUBLISHING

ELAYNE GLICK
Publisher
(212) 224-3069

MIKE FERGUS
Marketing Director
(212) 224-3266

AMANDA CATERINA
Associate Marketing Manager
(212) 224-3096

VINCENT YESENOSKY
Senior Operations Manager
(212) 224-3057

DAVID SILVA
Senior Fulfillment Manager
(212) 224-3573

SUBSCRIPTIONS/ ELECTRONIC LICENSES

One year - \$2,545 (in Canada add \$30 postage, others outside U.S. add \$75).

DAN LALOR
Director of Sales (212) 224-3045

NATALIE MAIR
Account Executive [London]
(44-20) 7779-8076

KEN LERNER
Account Executive
(212) 224-3043

GEORGE WITTMAN
Client Development Manager
(212) 224-3019

REPRINTS

DEWEY PALMIERI
Reprint & Permission Manager
(212) 224-3675
dpalmieri@institutionalinvestor.com

CORPORATE

CHRISTOPHER BROWN
Chief Executive Officer

DAVID E. ANTIN
Chief Operating Officer

ROBERT TONCHUK
Director/Central Operations & Fulfillment

Customer Service: PO Box 5016,
Brentwood, TN 37024-5016.
Tel: 1-800-715-9195; Fax: 1-615-377-0525
UK: 44 20 7779 8704
Hong Kong: 852 2842 6910
E-mail: customerservice@iineews.com

Editorial Offices: 225 Park Avenue
South, New York, NY 10003.
Tel: (212) 224-3293
Email: mdecambre@iineews.com

Power Finance & Risk is a general circulation newsweekly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice.

Power Finance & Risk ©2006
Institutional Investor, Inc.

Copying prohibited without the permission of the Publisher.

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Manhattan Boutique Nabs Ex-Citi Head

Boutique investment bank **Evercore Partners** is looking to beef up its power business and has hired **Jane Sadowsky**, ex-co-head of **Citigroup's** North American power-focused investment banking business in New York, as a senior managing director. She is expected to staff a team of bankers but details and timing could not be learned. Officials at Evercore were not available for comment and an external spokesman declined to comment. Sadowsky could not be reached. She left Citi at the beginning of May.

New York City-based Evercore was founded in 1996 and is headed by co-founders **Roger Altman** and **Austin Beutner**.

TXU Calls Final Bids For Peakers

TXU is set to take final bids this week for its sale of 20 bcf of natural-gas storage and 10.3 GW of gas-fired peakers in Texas. Final bids were expected to be due June 2, and it's unclear whether this represents another round or a delay. The frontrunner appears to be **Reliant Energy**, who wants some of the assets (PFR, 6/4), but Texas oilman **Oscar Wyatt** is also expected take a run for some or all of the assets, say market watchers.

Reliant could use the plants to mitigate the high costs it pays for power delivery to its retail customers. Calls to Wyatt, and to **Peter Kind**, head of power at auction manager **Bank of America**, were not returned. **Chris Schein**, spokesman for TXU, declined to comment.

Dallas-based TXU might be willing to split up the assets, but it may take a slightly lower price for the whole slate than it could get if it sold them piecemeal, observers say.

FirstEnergy Utility To Shop 10, 30-Year Paper

Ohio Edison Electric is planning on selling \$600 million in long-dated bonds to repay inter-company debt obtained from its parent FirstEnergy. The Akron, Ohio-based utility is expected to hit the market with a mix of 10 and 30-year bonds, via underwriters **UBS**, **Barclays**, **Citigroup**, **Credit Suisse** and **Wachovia**. Pricing has not yet been set but expectations are that it will be slightly higher than comparable recent offerings given fears that the Federal Reserve might hike interest rates, one banker says.

Ohio Edison is rated Baa2 and BBB- by **Moody's Investors Service** and **Standard & Poor's**. FirstEnergy spokeswoman **Ellen Raines** was unavailable for comment.

On June 7, **American Electric Power** subsidiary AEP Ohio

sold \$350 million of 10-year notes at a spread of 102 basis points over comparable Treasuries. The company carries a higher rating than Ohio Edison at A3 and BBB.

Nashville Firm To Target India

Courage Capital, a \$1 billion Nashville, Tenn. shop, is preparing to launch its second fund this fall, an India-focused special situations fund that will also target private equity investments in power. The firm is making the move because it views the world's largest democracy as "an investment opportunity whose breadth and depth exceeds that of any in the world," according to an investor presentation.

The *Courage India Fund* will seek to take advantage of the wide-ranging economic and political changes that are currently underway, says **Jayant Sinha**, who will co-manage the fund and its team of analysts in Mumbai. The fund will focus on three sectors: financial services, power and small-cap IT services. Private equity deals will initially be sought in the power industry.

The sector has been hampered by overbearing regulations, but this is in the process of changing, says Sinha, who expects it will soon take off just like the telecom sector has. "In effect, what we anticipate is a massive wholesale power market is going to take place in India," he adds.

FPL Closes In On Bison Wind Placement

FPL Group is nearing completion of a \$206 million private placement of 20-25 year fixed-rate bonds backing two wind farms totaling nearly 200 MW in North Dakota and Oklahoma. Sole

placement agent **BNP Paribas** is expected to complete the so-called **Bison Wind** offering, sold predominantly to institutional investors, today. Officials at Juno Beach, Fla.-based FPL did not return a call for comment and BNP bankers in New York declined to comment.

The bond offering breaks down into two tranches: a \$186 million 24.5-year offering that carries a coupon of 6.665%; and a 15-year \$20 million tranche bearing a coupon of



FPL wind farm

7.51%. A handful of investors took part in the offering, a banker explains.

FPL funded construction of the facilities, known as Wilton Wind Energy and Weatherford Wind Energy, on its books last year but wanted to raise debt against the operational projects,

which have long-term PPAs with offtakers that maintain investment grade credits.

PPAs with **Basin Electric Cooperative**, and one with **American Electric Power** subsidiary **Public Service Co. of Oklahoma** underpin the financings.

Corporate Strategies

Peoples Nabs Boosted \$400M Revolver

Peoples Energy has reworked its revolving credit facility, upsizing by \$175 million to have enough juice should gas prices rise. **Doug Ruschau**, v.p. of finance and treasurer in Chicago, says the \$400 million five-year line, which was set to expire in March, supports commercial paper that backs its natural-gas trading activities. The facility also acts as a backstop for utility subsidiary **Peoples Gas**, which has its own \$250 million facility.

Bank of America served as lead arranger, and **JPMorgan Chase** and **ABN AMRO** co-managed. All three also provide credit to **Peoples Gas**. Ruschau says **Peoples** chose BofA because the company has worked with the firm before and it provides competitive pricing. He declined to provide pricing details.

About \$166 million is outstanding on the gas utility and the parent revolvers, according to its most recent public statement. **Peoples** has \$894 million in long-term debt, and a debt-to-capitalization ratio of 56:44, which it hopes to bring down when it offloads power assets to pay for oil and gas acquisitions, as it announced in February. **Moody's Investors Service** rates **Peoples'** senior unsecured debt Baa2.

Renewables Outfit Eyes London IPO To Bankroll Plant

Green Energy Resources plans to use the proceeds from an initial public offering on the **London Stock Exchange** to build new energy projects including a pair of facilities that produce wood pellets used in wood-fired generation plants. **Joseph Murray**, ceo, says the New York-based renewables firm hopes to raise as much as \$50 million. **Libertas Capital**, a boutique London investment bank, represents **Green Energy** as nominated advisor; the executive says. The exact timing of the offering has not yet been set.

The funds help fund Louisiana wood-pellet projects in Lake Charles and New Orleans where economic incentives have been offered after Hurricane Katrina. Murray says 500,000 tons of wood have been amassed from the destruction sites and await shipment. Each plant will cost \$12 million.

Murray says the company is hitting the London Stock

Exchange because it believed it would get the best reception, given Europe's green energy appetite. He also notes that filing for a listing on the LSE can be quicker.

Entergy Reworks Pollution Bonds

Entergy Arkansas plans on using proceeds from a \$54.7 million offering of 4.6% bonds to redeem an older series of debt. The notes replace 24-year, 6.3% pollution control revenue refunding bonds totaling \$9.2 million and a 20-year, 5.6% series issued a decade ago totaling \$45.5 million, says **Katherine Ayme**, project manager at **Entergy Services** in New Orleans.

Justin Bowersock, analyst at **Fitch Ratings** in Chicago, notes the Arkansas electric utility arm of **Entergy** has a BBB+ rating. The rating reflects its strong net debt to net capital ratio, adds Bowersock. Debt represents 47.5% in the company's capital structure, meeting its sub-50% long-term target.

Currently, **Entergy Arkansas** has about \$1.3 billion in long-term debt.

Ala. Utility Places 40-Year Notes

Alabama Power has sold \$150 million of 40-year, 6.375% senior unsecured notes. The offering will help fund environmental upgrades as well as other corporate purposes, says **Earl Long**, assistant treasurer at Atlanta-based parent **Southern Co.** The utility chose to sell the securities primarily to retail investors because they are less likely to ask for call provisions to be priced into the coupon. The notes carry a five-year no-call provision, after which they can be redeemed at par.

Bookrunner **Morgan Stanley** led the offering along with **Wachovia**, **Banc of America Securities** and **Merrill Lynch**. Long says the firms, each of which is a lender to **Alabama Power**, were selected because of their strong retail distribution channels. **Alabama Power's** senior unsecured debt is rated A2 by **Moody's Investors Service**.

Alabama Power plans \$250-300 million of environmental spending in 2006, mostly to install scrubbers in its existing coal-fired generation facilities. Long says **Alabama Power**, along with sister utilities **Georgia Power** and **Gulf Power**, plan to offer more debt later this year.

Financing Record (JUNE 14-JUNE 20)

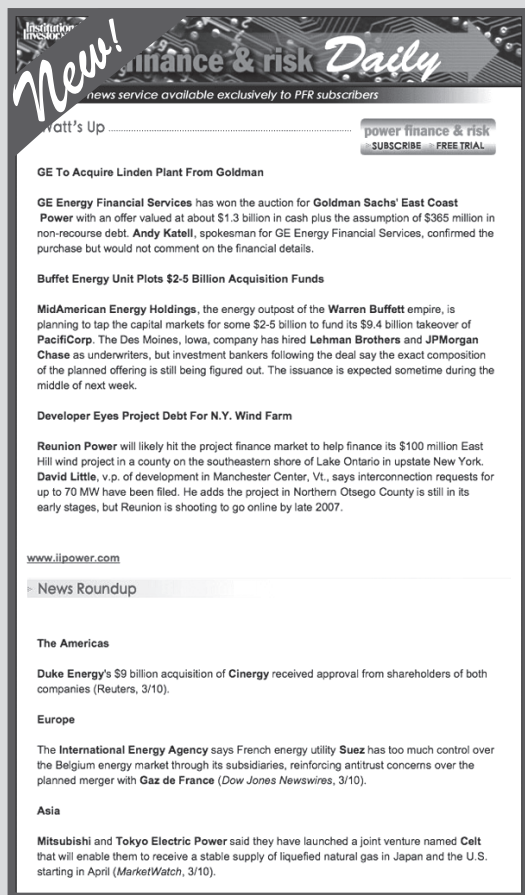
Debt

| Rule 144A | Issue Date | Issuer | Business Description | Amount (\$ mil) | Coupon (%) | Type of Security | Maturity | Offer Price | YTM(%) | Spread | S&P | Moody's | Fitch |
|-----------|------------|------------------------------|------------------------------|-----------------|------------|------------------|----------|-------------|--------|--------|-----|---------|-------|
| No | 6/14/06 | National Grid Gas PLC | Dev, op gas transportation | 211.9 | 1.73 | Medium-Term Nts | 6/28/46 | 100 | 1.73 | | A | A2 | NR |
| | 6/15/06 | Kowepo(KEPCO/ South Korea) | Cogeneration plant | 105.7 | Floats | Float Rate Nts | 6/15/11 | 100 | Floats | | | | |
| | 6/15/06 | Piedmont Natural Gas Co Inc | Gas utility | 200 | 6.25 | Sr Ins Qrt Nts | 6/1/36 | Market | Market | 114 | AAA | Aaa | NR |
| No | 6/19/06 | Iberdrola Finanzas S.A.U | Electric utility | 377.4 | Floats | Flt Rte Gtd MTN | 6/28/10 | 100 | Floats | | A+ | A2 | AA- |
| Yes | 6/19/06 | Northwest Pipeline Corp | Pvd gas transmission svcs | 175 | 7 | Fxd/Straight Bd | 6/15/16 | 99.684 | 7.045 | 190 | BB- | Ba1 | BBB- |
| | 6/20/06 | Dominion Resources Inc | Elec,gas utility; hldng co | 300 | Varies | Jr Subord Notes | 6/30/66 | 99.656 | Varies | 240 | BB+ | Baa3 | BBB |
| No | 6/20/06 | National Grid PLC | Electric utility, holding co | 755.2 | Floats | Mdm-Trm Fl Nts | 6/28/10 | 99.848 | Floats | | A- | Baa1 | A- |
| | 6/20/06 | South Carolina Elec & Gas Co | Electric and gas utilitis | 125 | 6.25 | Fst Mtg Bonds | 7/1/36 | 99.663 | 6.275 | 100 | A- | A1 | NR |

M&A

| Announced | Effective | Target Name | Target Advisors | Target Nation | Acquiror Name | Acquiror Advisors | Acquiror Industry Sector | Nation | Acquiror Value (\$M) |
|-----------|-----------|-------------------------------|--|---------------|--------------------------------|---|---|---------------|----------------------|
| 6/14/06 | 6/14/06 | Advanced Biomass Gasification | | United States | Xethanol Corp | | Chemicals and Allied Products | United States | |
| 6/14/06 | | Citilec | | Argentina | Eton Park Capital Mgmt LP | | Investment & Commodity Firms, Dealers,Exchanges | United States | 54 |
| 6/15/06 | 6/15/06 | United Cogen Fuels LLC-Bio- | | United States | Coastal Carolina Clean Power | | Electric, Gas, and Water Distribution | United States | |
| 6/15/06 | | YNN Pacific Consortium Inc | | Philippines | Ranhill Bhd | | Business Services | Malaysia | 8 |
| 6/16/06 | | HQI Transelec Chile SA | UBS Investment Bank | Chile | Investor Group | HSBC Holdings PLC | Investment & Commodity Firms,Dealers,Exchanges | Canada | 2,365.41 |
| 6/16/06 | | HQI Transelec Chile SA | UBS Investment Bank | Chile | Investor Group | HSBC Holdings PLC | Investment & Commodity Firms,Dealers,Exchanges | Canada | |
| 6/16/06 | 6/16/06 | South East Asia Energy Co Ltd | | Laos | Investor Group | | Investment & Commodity Firms, Dealers,Exchanges | Laos | 2.707 |
| 6/16/06 | | Yima Jinjiang Energy | | China | China EnerSave Ltd | | Electric, Gas, and Water Distribution | Singapore | 45 |
| 6/17/06 | | Rendo NV | | Netherlands | Electrabel SA | | Electric, Gas, and Water Distribution | Belgium | 83.956 |
| 6/19/06 | | GasNet Australia Group | Rothschild Goldman Sachs JBWere Pty Ltd Wilson HTM | Australia | Babcock & Brown Infrastructure | Babcock & Brown Inc Deutsche Bank AG | Investment & Commodity Firms, Dealers,Exchanges | Australia | 714.128 |
| 6/19/06 | | GasNet Australia Group | Babcock & Brown Inc Deutsche Bank AG Wilson HTM Goldman Sachs JBWere Pty Ltd | Australia | Australian Pipeline Trust | Rothschild | Oil and Gas; Petroleum Refining | Australia | |
| 6/19/06 | | Gaz de France-Italian Natural | Societe Generale | Italy | CAM Gas SpA | Lazard | Electric, Gas, and Water Distribution | Italy | 629.05 |
| 6/19/06 | | Guangxi Guidong Elec Power Co | | China | Iberdrola SA | | Electric, Gas, and Water Distribution | Spain | 27.284 |
| 6/19/06 | | Obragas Holding NV | | Netherlands | Eindhoven | | Public Administration | Netherlands | 503.24 |
| 6/19/06 | | Rendo Energielevering BV | | Netherlands | Electrabel SA | | Electric, Gas, and Water Distribution | Belgium | 84.109 |
| 6/20/06 | | Padoma Wind Power LLC | | United States | NRG Energy Inc | | Electric, Gas, and Water Distribution | United States | |

Source: **Thomson Financial Securities Data Company**. For more information, call **Rich Peterson** at (212) 806-3144.



Get the Latest Market News Every Day!

FREE with your
Power Finance & Risk
subscription

Now **Power Finance & Risk** subscribers can get the latest market news delivered directly to your inbox or BlackBerry by 6pm EST every work day. You'll stay two steps ahead with the **Power Finance & Risk Daily** as you learn about the most important developments in asset and corporate M&A, plant financing and power trading.

One email. Same time. Every day.

In each daily issue, you will receive:

- **Watt's Up** – Breaking news from the PFR News Desk
- **News Roundup** – the latest market news

www.iipower.com

FOR FURTHER INFORMATION CONTACT:

Ken Lerner • Tel: 212.224.3043 • Email: klerner@iinews.com

Coletto Acquisition Loan May See Tweaking

Goldman Sachs and Credit Suisse Group are looking to push up pricing on financing for American National Power's planned \$1.17 billion term loan B acquisition of Coletto Creek. Floated pricing had been in the 225 basis point neighborhood (PFR, 6/11), but potential buyers are uncomfortable with the leverage already on the 632 MW plant in Goliad County, Texas, and are asking for closer to 300 basis points, bankers say.

Complicating matters further could be recent announcements from NRG Energy and TXU that they plan to spend billions of dollars on baseload generation in Texas, which could lower prices in ERCOT in the future and deflate revenue for Coletto down the road.

The financing consists of a \$935 million, seven-year term loan, a \$60 million, five-year revolver and a roughly \$170 million, seven-year synthetic letter of credit facility (PFR, 6/5). **Bruce Levy**, president of ANP, and **David Leischer**, v.p. at Goldman, did not return calls.



Generation Auction & Sale Calendar

Following is a directory of ongoing generation asset sales. The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed. To report new auctions or changes in the status of a sale, please call Mark DeCambre, managing editor, at (212) 224-3293 or e-mail mdecambre@iineews.com.

| Seller | Plants | Location | MW | Plant Type | Advisor | Status |
|--|-----------------------------|-----------------|--------|------------|---------------------------------|--|
| Atlantic City Electric Company | B.L.England | New Jersey | 447 | Coal | Concentric Advisors | Underway. |
| | Key Stone | Pa. | - | Coal | | |
| | Conenough | Pa. | - | Coal | | |
| American Securities Capital Partners | Primary Energy Ventures | Oak Brook, Ill. | 900 | Various | Bank of America | Ongoing |
| Aquila | Racoon Creek | Ill. | 340 | Gas | Not chosen | Intention To Sell. |
| | Goose Creek | Ill. | 340 | Gas | | |
| | Crossroads | Miss. | 340 | Gas | | |
| Bear Stearns | Mulberry | Fla. | 120 | Gas | Bear Stearns | Sold to Northern Star Gen. |
| | Orange | Fla. | 103 | Gas | Bear Stearns | |
| BP | Great Yarmouth | U.K. | 400 | Gas | J.P. Morgan | Intention To Sell. |
| BNP -led bank group (Exelon developed plants) | Mystic River 7 | Mass. | 560 | Oil/Gas | Lazard | Owned By Private Equity. |
| | Mystic River 8 | Mass. | 832 | Gas | | |
| | Mystic River 9 | Mass. | 832 | Gas | | |
| | Fore River | Mass. | 832 | Gas | | |
| Carlyle Riverstone/ Semptra Carlyle Riverstone/ Semptra | Coletto Creek Power Station | ERCOT | 632 | Coal | Goldman Sachs Greenhil & Co. | Acquisition Funding Is In The Market. Ongoing. |
| | Topaz Power Group | ERCOT | 2.9 GW | Gas&Oil | | |
| Citi & SocGen-led creditor group (TECO Energy developed plants) | Union | Ark. | 2,200 | Gas | Goldman | Ongoing. |
| | Gila River | Ariz. | 2,300 | Gas | | |
| CMS Energy | Ensenada | Argentina | 128 | Gas | Not chosen | Announced Intention To Sell. |
| | CT Mendoza | Argentina | 520 | Gas | J.P. Morgan | |
| | El Chocón | Argentina | 1,320 | Hydro | J.P. Morgan | Offer Memo End Of Jan. |
| | Palisades | Mich. | 798 | Nuke | Concentric Advisors | |
| Citi-led bank group (NEG developed plants) | Lake Road | Conn. | 840 | Gas | Lehman Bros. | Debt Has Been Restructured. Actively Pursuing A Sale. |
| | Lowell Power | Mass. | 82 | Gas | None | |
| Delta Power | | | | | | |
| El Paso Europe | EMA Power | Hungary | 70 | Coal | | |



Tired of fighting over the latest newsletter copy? Here's a simple, painless solution: The Corporate Access Program.

- Instant, online access to breaking news, feature stories, league tables, rankings, search listings and online archives.
- Information- and user-specific plans tailored to meet your company's needs and bottom line.
- An opportunity to limit your worries about copyright infringement.
- Business leads and insights into regulatory outlooks.

**Interested? Call Daniel Lalor at 212-224-3045 or dlalor@iineews.com,
or Julian Davies (U.K.) at 44-20-7779-8929 or jdavies@euromoneyplc.com**

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

INSTITUTIONAL INVESTOR NEWS / 225 PARK AVENUE SOUTH / NEW YORK, NY 10003
WWW.IINEWS.COM

Generation Auction & Sale Auction (cont'd)

| Seller | Plants | Location | MW | Plant Type | Advisor | Status |
|--|------------------------------|-------------------------------------|--------------|--------------|--|--|
| El Paso North America (Merchant assets) | Berkshire | Mass. | 261 (56.41%) | Gas | | Final Bids Due. |
| | CDECCA | Conn. | 62 | Gas | | Negotiations Are Taking Place With |
| EnCana | Cavalier | Alberta | 106 | Gas | HSBC | Launched Sale In April. |
| | Balzac | Alberta | 106 | Gas | HSBC | |
| | Kingston | Ontario | 110 (25%) | Gas | HSBC | |
| Energy Investors Fund | Multitrade | Va. | 79.5 (60%) | Biomass | None | Stake Sold To GE |
| Entergy Asset Management | Robert Ritchie | Ark. | 544 | Gas/oil | None | Ongoing. |
| | Warren Power | Miss. | 314 | Gas | | |
| | RS Cogen | La. | 425 (49%) | CHP | | |
| | Harrison County | Texas | 550 (70%) | Gas | | |
| Constellation | Portfolio | Calif., Texas, Va., W. Va., Ill. | 3,125 | Gas | Unidentified | Nearing. |
| Exelon/PSEG | Eddystone Generating Station | Delaware County, Pa. | 1,510 MW | Coal and Gas | | Interviewing Banks To Advise On Sales. |
| Goldman Sachs | Linden Generating Station | Linden, N.J. | 775 MW | | Gas | |
| | East Coast Power | Linden, N.J. | 940 MW | Gas | Goldman | GE Agreed To Purchase Asset. |
| Gama Construction Ireland Limited | Tynagh | Republic of Ireland | 400 MW | Gas | Fieldstone Private Capital Group | Ongoing. |
| KBC-led creditor group | Milford | Conn | 542 | Gas | Lazard | Ongoing. |
| Mirant | Shady Hills | Fla. | 474 | Gas | BofA | Ongoing. |
| | West Georgia | Ga. | 640 | Gas | | |
| | Bosque County | Texas | 538 | Gas | | |
| | Wichita Falls | Texas | 77 | Gas | | |
| Morrow Power | Boardman | Ore. | 28 | Gas | Marathon Capital | Evaluating Bids. |
| Nations Energy | Bayport | Texas | 80 | N/A | | Considering Liquidation. |
| | Mungo Junction | Ohio | 32 | | | |
| | Southbridge | Mass. | 7 | | | |
| National Energy Gas & Transmission (USGen New England) | Salem Harbor | Mass. | 745 | Coal/Oil | Lazard | Dominion Has It Under Contract. |
| | Brayton Point | Mass. | 1,599 | Coal | | |
| | Manchester St. | R.I. | 495 | Gas | | |
| | Connecticut River | N.H. | 479 | Hydro | | |
| | Deerfield River | Mass. | 89 | Hydro | | |
| Oman (Ministry of Housing, Electricity & Water) | Rusail | Oman | 730 | Gas | CSFB | - |
| | Ghubratt | Oman | 507 | CHP | | |
| | Wad AlJazzi | Oman | 350 | Gas | | |
| InterGen | Redbud | Okla. | 1,220 | | Citigroup | Harbert Venture Acquired The Assets. |
| | Cottonwood | Texas | 1,235 | | | |
| | Magnolia | Miss. | 900 | | | |
| Sempra | Twin Oaks | ERCOT | 305 | Coal | Goldman Sachs | Sold To PNM Resources For \$480 million. |
| SG-led bank group (NEG developed plants) | Athens | N.Y. | 1,080 | Gas | Blackstone | Assessing Bids. |
| | Covert | Mich. | 1,170 | Gas | | |
| | Harquahala | Ariz. | 1,092 | Gas | | |
| | Millennium | Mass. | 360 | Gas | | |
| STEAG | Iskenderun | Turkey | 1,320 | Gas | Morgan Stanley | Ongoing. |
| Teco Energy | Dell Power Station | Ark. | 540 | Gas | | Reviewing Options. |
| | McAdams Power Station | La. | 599 | Gas | | |
| Tenaska Energy | Tenaska Frontier | ERCOT | 830 | Gas | Lehman Brothers RBC Capital Markets | J. Power Agreed To Purchase Asset. |
| Tractebel North America | Chehalis | Wash. | 520 | Gas | N/A | Looking To Sell Or Swap. |
| TXU | 17 peaker sites | Texas | 10.3GW | Gas | Bank of America | First-Round Bids Are In. |
| WPS Resources | Sunbury Generating Station | Shamokin Dam, Pa. | 450 MW | Coal | Lazard | Buyers Are Stalling Over Fuel Contracts. |

ADVERTISE HERE!



The Source for Investment and Financial News
Relied upon by Industry Decision Makers.

Targeting the financial markets? No matter what segment of the market, **II News** publications reach the audience you're looking for. Our readers pay an average of \$1695 to read this targeted news so you can be sure they read every issue.

Multiple products or multiple targets? *No problem.* Any ad you run in any **II News** publication counts toward a frequency discount, affording you flexibility to target multiple markets and save.

Get your custom promotional plan today!

Call Jonathan Wright at
212-224-3566 or email
jwright@iineews.com

**Institutional
Investor NEWS**
INTELLIGENCE FIRST

Weekly Recap

The Weekly Recap is a summary of publicly reported power news stories. The information has been obtained from sources believed to be reliable, but PFR does not guarantee its completeness or accuracy.

The Americas

- **Dominion Resources** got the nod from the **Federal Energy Regulatory Commission** to expand its Dominion Cove LNG terminal in Maryland to 14.6 from 7.8 billion cubic feet (*Associated Press*, 6/14).
- **Coastal Carolina Clean Power** has acquired a wood-fired plant in Duplin County, N.C. from **United Cogan Fuels**, which Charlotte, N.C.-based **Rollcast Energy** will run. The plant will produce more than 200,000 MW-hours per year (*Charlotte Observer*, 6/16).
- Houston, Texas-based **Zilkha Biomass Energy** and Jaffrey, N.H.-based **New England Wood Pellet** will collaborate on building New Hampshire's first wood-burning plant, which Zilkha will own and operate in Jaffrey (*Associated Press*, 6/18).
- **Eastern Shore Natural Gas**, a subsidiary of **Chesapeake Utilities**, has received permission from the **Federal Energy Regulatory Commission** to extend its 331 miles of pipeline by 55 miles in Delaware and Pennsylvania to meet increased customer demand. The project will cost \$33.6 million and construction will start in the next few weeks (*Associated Press*, 6/20).
- **Allegheny Energy** has named **Philip Goulding**, v.p. of strategic planning and chief commercial officer, to replace CFO **Jeff Serkes**, who is leaving the Greensburg, Pa.-based company July 7 (*Pittsburgh Business Times*, 6/20).
- **NRG Energy** will spend \$16 billion over the next decade to add 10.5 GW in output mainly within its domestic markets. Projects for the Princeton, N.J., IPP include construction of two nuclear units, three gasified coal units, two pulverized coal-fired units, at least one modern combined-cycle plant and a pair of wind farms (*Associated Press*, 6/21).
- **Northern New England Energy**, a South Burlington, Vt.-based unit of **Gaz Metro**, has acquired Colchester, Vt., utility operator **Green Mountain Power** for \$187 million. Green Mountain said regulatory approvals for the sale could take as long as 12 months (*Associated Press*, 6/22).

Australia

- **Levallois**, France-based **Alstom** is constructing a gas-fired plant in New South Wales for \$350 million. The 400 MW project began is expected to be fired up by 2009 (*Sydney Morning Herald*, 6/21).

- **ConocoPhillips** may double the capacity of its Wickham Point LNG project in Darwin, spending as much as \$10 billion by adding a second or third unit. The move is in response to growing demand from Asia (*International Herald Tribune*, 6/21).
- Gas transmission entity **GasNet Australia Group** rejected a A\$371.7 million (\$274 million) buyout bid by **Babcock & Brown Infrastructure Group** and **Australian Pipeline Trust**. The offer was said to be undervalued (*Sydney Morning Herald*, 6/19).
- **Liquefied Natural Gas Limited**, an energy development company in Perth and U.K.-based LNG transporter **Golar**, has agreed to pursue five planned LNG projects throughout the county (*PerthNow*, 6/22).

Europe

- **Suez** chief exec **Gerard Mestrallet** warned **Gaz de France** that it will pull out of the Franco-Belgian planned utility's merger if the French parliament fails to approve the deal before its summer recess on Bastille Day (*Financial Times*, 6/19).
- **Centrica**, the largest gas and electric supplier in the U.K., is set to build the country's first major 1 GW gas-fired power plant in Llangefylli for £400 million (\$731 million), in an attempt to mitigate volatile energy costs (*Reuters*, 6/16).

Asia

- **Hazira**, India-based **Essar Power** plans on developing a 1 GW coal-fired power plant in the Korba District of Chhattisgarh, India for the equivalent of \$870.8 million. The plant will consist of two 500 MW units that will supply electricity to an **Essar Steel** operation (*Hindu*, 6/20).
- **Sinopec**, an integrated energy and chemical company located in China, is in early talks to build a LNG terminal in Zhuhai, China, as the country aims to boost the use of cleaner gas by 8%. The terminal will cost over \$1 billion (*Reuters*, 6/22).

Russia

- **Gazprom** and **Royal Dutch Shell** are considering building a 12 billion-cubic-meter gas-to-liquids plant in Nadym—a project potentially valued at \$8 billion (*Wall Street Journal*, 6/20).

KAN. COOP

(continued from page 1)

Officials at the cooperative did not return calls for comment nor did spokesman **Steve Miller** in Hays, Kan. Other officials either declined comment or did not return calls. One observer says **PNM Resources** is expected to take capacity from the generation facility and take part in its development but levels could still be in the works. A call to **Jeff Serba**, ceo at PNM in Albuquerque, was not returned.

The cooperative is receiving significant support for the Holcomb development and much of the necessary regulatory paperwork has been arranged, observers say. **Bechtel** has been awarded the engineering and procurement contract.

Construction is expected to come in several phases with an additional two or three units, of a similar size, slated after the first is wrapped. Each will take about 42-months once groundbreaking commences. **Tri-State Generation and Transmission Association** of Westminster, Colo., is also involved in the development, according to Sunflower's Web site.

Organized in 1957, Sunflower is a consumer-owned, nonprofit corporation operated by six rural electric distribution cooperatives, providing wholesale power generated by six plants. —M.D.

AIG, ONTARIO

(continued from page 1)

president at AIG in New York, and **Jim Leech**, senior v.p. at Ontario Teachers', were not returned. Bank officials declined to comment.

Executives are working out the makeup and size of the new debt, officials say. Northern Star maintains nearly 30 domestic generation facilities, predominantly acquired from **El Paso Merchant Energy**. It paid \$746 million in addition to taking on \$174 million in non-recourse loans for El Paso assets, which are comprised of nearly 2 GW located in several states.

Northern Star's total purchase price for its Florida assets was not disclosed, but Arroyo paid \$156 million to **American Electric Power** for 46.25% of the 120 MW Mulberry and a 50% share of 103 MW Orange facility, both of which are located in Bartow. The makeup of the remaining ownership interest could not be learned.

Mulberry has a 79.2 MW PPA with **Progress Energy Florida** that expires Aug. 10, 2024 and another with Progress for 30.8 MW that expires Aug. 10, 2009. Orange has a 74 MW PPA with Progress that expires on Dec. 31, 2025, and a 23 MW PPA with **Tampa Electric** that runs through June 15, 2015.

—M.D.

MORGAN STANLEY

(continued from page 1)

the main driver for the push, observers say. Total North American energy demand is expected to increase by some 40% over the next 20 years with \$3.5 trillion projected as the required investment for new developments by 2030, according to an **International Energy Agency** report.

Morgan Stanley's effort could consist of investing in liquefied natural gas facilities, new clean coal developments, storage terminals, pipelines as well as non-energy assets including toll roads, tunnels and bridges.

—Mark DeCambre

MERRILL TO

(continued from page 1)

The boost will take the form of hiring more senior traders, but precise levels have not been determined. Head of coal and emissions trading **Matt Schicke** in New York and head power trader **Jeremy Taylor** did not return calls nor did a Merrill spokeswoman.

Merrill two years ago increased its global commodity footprint with the acquisition of **Entergy-Koch**. It is among a number of entities hoping to diversify their power and energy trading business.

Last month, Paris-headquartered **Louis Dreyfus Energy Services** hired a pair of energy traders to grow its coal and carbon emissions business (PFR, 5/29). —M.D.

Calendar

Intertech-Pira is hosting a Photo-voltaic Summit at the Double Tree Hotel Mission Valley in San Diego June 27-28. For more information, please contact **Doug Sanborn** at 207-781-9603.

Quote Of The Week

"In effect, what we anticipate is a massive wholesale power market is going to take place in India." —**Jayant Sinha**, managing director at Nashville, Tenn.-based **Courage Capital**, explaining why the fund plans to invest in India's power sector (see story, page 3).

One Year Ago In Power Finance & Risk

Calpine and **Bear Stearns** teamed up to form an energy-trading joint-venture that would later be named CalBear. [The partnership was dissolved following Calpine's filing for bankruptcy protection.]